



## CORNERSTONE GOLF PARTNERS

*"America's Golf Partner"*





# **Request for Clarification and Best and Final Offer**

**City of Terre Haute**

## **Clarification and Best and Final Offer**

**Cornerstone Golf Partners, Inc.**

**Alan C. Cale**

**Vice President**

**P.O. Box 6989**

**Hilton Head, SC 29938**

**(912) 308-4019**

**(843) 363-5799 fax**

**[acale@cornerstonegp.com](mailto:acale@cornerstonegp.com)**

**July 7, 2017**

## Table of Contents

1. Cover Letter
2. Pro Forma
3. Exhibit A
4. Exhibit B
5. Manning Table/Organizational Charts

## Cover Letter

Nick Weber  
FaegreBD Consulting  
300 North Meridian Street  
Indianapolis, Indiana 46204

Dear Mr. Weber:

Cornerstone Golf Partners, Inc. is pleased to submit this response to your Request for Clarification and Best and Final Offer regarding the **Operation & Maintenance of City Golf Courses for the City of Terre Haute**.

On behalf of Cornerstone Golf Partners, I have reviewed and completely understand and agree to be bound by the requirements of the Request for Clarification and Best and Final Offer.

Communication with our firm is through:

Alan C. Cale  
Vice President/Co Principle  
Chief Executive Officer  
Chief Operating Officer  
Cornerstone Golf Partners, Inc.  
P.O. Box 6989  
Hilton Head, SC 29938  
(912) 308-4019  
(843) 363-5799 Fax  
Email: [acale@cornerstonegp.com](mailto:acale@cornerstonegp.com)

Thank you for the opportunity to submit this Request for Clarification and Best and Final Offer. We look forward to your response.

Sincerely,



Alan C. Cale  
Vice President/Co Principle  
Cornerstone Golf Partners, Inc.

## Pro Forma

Rea Park Golf Course  
Pro Forma Net Operating Income

Year	2018	2019	2020	2021	2022
<b>Annual Rounds</b>	20,500	21,525	22,601	23,731	24,918
<b>Revenue</b>					
Green Fees	143,500	156,056	169,509	183,918	199,343
Cart Fees	128,125	139,913	152,558	166,119	180,655
Annual Pass	112,500	127,500	142,500	157,500	180,000
Practice Range	36,900	38,745	40,682	42,716	44,852
Rental Clubs	1,025	1,076	1,130	1,187	1,246
Pro Shop Merchandise	46,125	48,431	50,853	53,395	56,065
Food & Beverage	30,750	32,288	33,902	35,597	37,377
<b>Total Gross Revenue</b>	<b>498,925</b>	<b>544,009</b>	<b>591,135</b>	<b>640,432</b>	<b>699,538</b>
<b>Operating Expenses</b>					
<b>Cost of Sales</b>					
COGS Pro Shop	32,288	33,902	35,597	37,377	39,246
COGS Food and Beverage	10,763	11,301	11,866	12,459	13,082
Credit Card Fees	14,968	16,320	17,734	19,213	20,986
<b>Subtotal COS</b>	<b>43,050</b>	<b>45,203</b>	<b>47,463</b>	<b>49,836</b>	<b>52,328</b>
<b>Golf Course Maintenance</b>					
Payroll & Benefits	215,000	219,300	223,686	228,160	232,723
Water & Utilities	11,500	11,730	11,965	12,204	12,448
Services & Supplies	118,500	120,870	123,287	125,753	128,268
Maintenance Equipment Lease	40,000	40,000	40,000	40,000	40,000
<b>Subtotal Golf Course Maintenance</b>	<b>385,000</b>	<b>391,900</b>	<b>398,938</b>	<b>406,117</b>	<b>413,439</b>
<b>Clubhouse/Golf Operations</b>					
Payroll & Benefits	125,000	127,500	130,050	132,651	135,304
Cart Lease	39,800	35,000	35,000	35,000	35,000
Advertising	12,000	12,000	12,000	12,000	12,000
Repair and Maintenance	4,800	4,896	4,994	5,094	5,196
Water & Utilities	11,500	11,730	11,965	12,204	12,448
Insurance	10,000	10,200	10,404	10,612	10,824
General Operating Expenses	21,000	21,420	21,848	22,285	22,731
<b>Subtotal Golf Operations</b>	<b>224,100</b>	<b>222,746</b>	<b>226,261</b>	<b>229,846</b>	<b>233,503</b>
<b>Management Fees</b>					
Management Fee	36,000	37,080	38,192	39,338	40,518
<b>Subtotal Management Fees</b>	<b>36,000</b>	<b>37,080</b>	<b>38,192</b>	<b>39,338</b>	<b>40,518</b>
<b>Total Expenses</b>	<b>688,150</b>	<b>696,929</b>	<b>710,854</b>	<b>725,137</b>	<b>739,788</b>
<b>Net Operating Income</b>	<b>-189,225</b>	<b>-152,920</b>	<b>-119,719</b>	<b>-84,705</b>	<b>-40,250</b>



Hulman Links Golf Course  
Pro Forma Net Operating Income

Year	2018	2019	2020	2021	2022
<b>Annual Rounds</b>	15,500	16,275	17,089	17,943	18,840
<b>Revenue</b>					
Green Fees	178,250	191,231	205,065	219,804	235,504
Cart Fees	96,875	105,788	115,349	125,602	136,593
Annual Pass	112,500	127,500	142,500	157,500	180,000
Practice Range	12,400	13,020	13,671	14,355	15,072
Rental Clubs	775	814	854	897	942
Pro Shop Merchandise	46,500	48,825	51,266	53,830	56,521
Food & Beverage	109,275	114,739	120,476	126,499	132,824
<b>Gross Revenue</b>	<b>556,575</b>	<b>601,916</b>	<b>649,181</b>	<b>698,487</b>	<b>757,457</b>
<b>Operating Expenses</b>					
<b>Cost of Sales</b>					
COGS Pro Shop	32,550	34,178	35,886	37,681	39,565
COGS Food and Beverage	43,710	45,896	48,190	50,600	53,130
Credit Card Fees	16,697	18,057	19,475	20,955	22,724
<b>Subtotal COS</b>	<b>76,260</b>	<b>80,073</b>	<b>84,077</b>	<b>88,280</b>	<b>92,695</b>
<b>Golf Course Maintenance</b>					
Payroll & Benefits	230,000	234,600	239,292	244,078	248,959
Water & Utilities	16,000	16,320	16,646	16,979	17,319
Services & Supplies	114,000	116,280	118,606	120,978	123,397
Maintenance Equipment Lease	40,000	40,000	40,000	40,000	40,000
<b>Subtotal Golf Course Maintenance</b>	<b>400,000</b>	<b>407,200</b>	<b>414,544</b>	<b>422,035</b>	<b>429,676</b>
<b>Clubhouse/Golf Operations</b>					
Payroll & Benefits	165,000	168,300	171,666	175,099	178,601
Cart Lease	44,200	38,500	38,500	38,500	38,500
Advertising	12,000	12,000	12,000	12,000	12,000
Repair and Maintenance	6,000	6,120	6,242	6,367	6,495
Water & Utilities	16,000	16,320	16,646	16,979	17,319
Insurance	10,000	10,200	10,404	10,612	10,824
General Operating Expenses	30,000	30,600	31,212	31,836	32,473
<b>Subtotal Golf Operations</b>	<b>283,200</b>	<b>282,040</b>	<b>286,671</b>	<b>291,394</b>	<b>296,212</b>
<b>Management Fees</b>					
Management Fee	36,000	37,080	38,192	39,338	40,518
<b>Subtotal Management Fees</b>	<b>36,000</b>	<b>37,080</b>	<b>38,192</b>	<b>39,338</b>	<b>40,518</b>
<b>Total Expenses</b>	<b>795,460</b>	<b>806,393</b>	<b>823,484</b>	<b>841,048</b>	<b>859,101</b>
<b>Net Operating Income</b>	<b>-238,885</b>	<b>-204,477</b>	<b>-174,302</b>	<b>-142,561</b>	<b>-101,644</b>

Rea Park Golf Course and Hulman Links Golf Course  
Consolidated Pro Forma Net Operating Income

Year	2018	2019	2020	2021	2022
<b>Annual Rounds</b>	36,000	37,800	39,690	41,675	43,758
<b>Revenue</b>					
Green Fees	321,750	347,288	374,574	403,722	434,847
Cart Fees	225,000	245,700	267,908	291,722	317,247
Annual Pass	225,000	255,000	285,000	315,000	360,000
Practice Range	49,300	51,765	54,353	57,071	59,924
Rental Clubs	1,800	1,890	1,985	2,084	2,188
Pro Shop Merchandise	92,625	97,256	102,119	107,225	112,586
Food & Beverage	140,025	147,026	154,378	162,096	170,201
<b>Total Gross Revenue</b>	<b>1,055,500</b>	<b>1,145,925</b>	<b>1,240,316</b>	<b>1,338,919</b>	<b>1,456,994</b>
<b>Operating Expenses</b>					
<b>Cost of Sales</b>					
COGS Pro Shop	64,838	68,079	71,483	75,058	78,810
COGS Food and Beverage	54,473	57,196	60,056	63,059	66,212
Credit Card Fees	31,665	34,378	37,209	40,168	43,710
<b>Subtotal COS</b>	<b>119,310</b>	<b>125,276</b>	<b>131,539</b>	<b>138,116</b>	<b>145,022</b>
<b>Golf Course Maintenance</b>					
Payroll & Benefits	445,000	453,900	462,978	472,238	481,682
Water & Utilities	27,500	28,050	28,611	29,183	29,767
Services & Supplies	232,500	237,150	241,893	246,731	251,665
Maintenance Equipment Lease	80,000	80,000	80,000	80,000	80,000
<b>Subtotal Golf Course Maintenance</b>	<b>785,000</b>	<b>799,100</b>	<b>813,482</b>	<b>828,152</b>	<b>843,115</b>
<b>Clubhouse/Golf Operations</b>					
Payroll & Benefits	290,000	295,800	301,716	307,750	313,905
Cart Lease	84,000	73,500	73,500	73,500	73,500
Advertising	24,000	24,000	24,000	24,000	24,000
Repair and Maintenance	10,800	11,016	11,236	11,461	11,690
Water & Utilities	27,500	28,050	28,611	29,183	29,767
Insurance	20,000	20,400	20,808	21,224	21,649
General Operating Expenses	51,000	52,020	53,060	54,122	55,204
<b>Subtotal Golf Operations</b>	<b>507,300</b>	<b>504,786</b>	<b>512,932</b>	<b>521,240</b>	<b>529,715</b>
<b>Management Fees</b>					
Management Fee	72,000	74,160	76,385	78,676	81,037
<b>Subtotal Management Fees</b>	<b>72,000</b>	<b>74,160</b>	<b>76,385</b>	<b>78,676</b>	<b>81,037</b>
<b>Total Expenses</b>	<b>1,483,610</b>	<b>1,503,322</b>	<b>1,534,338</b>	<b>1,566,185</b>	<b>1,598,889</b>
<b>Net Operating Income</b>	<b>-428,110</b>	<b>-357,397</b>	<b>-294,022</b>	<b>-227,265</b>	<b>-141,894</b>



**Exhibit A**

### 3 Exhibits

#### 3.1 Exhibit A

##### Estimated Gross Revenues and Total Expenses

Using the table below, provide estimated gross revenues and total expenses for the two courses (combined) for the calendar years indicated. All revenue and all expenses from any aspect of the course operations should be included.<sup>1</sup>

	CY 2018	CY 2019	CY 2020	CY 2021	CY 2022
Gross Revenues	\$1,055,550	\$1,145,925	\$1,240,316	\$1,338,919	\$1,456,994
Total Expenses	\$1,483,610	\$1,503,322	\$1,534,338	\$1,566,185	\$1,598,889

##### Proposed Monthly Fee (City Subsidy)

Using the table below, provide the proposed monthly fee (if any) that the contractor will require from the City. This amount should correspond to any difference between estimated gross revenue and total expenses listed above. Low or no monthly fees are the preferred option.

	CY 2018	CY 2019	CY 2020	CY 2021	CY 2022
Proposed Monthly Subsidy	\$36,000	\$30,000	\$25,000	\$19,000	\$12,000

##### Profit Sharing

The table below provides the percentage of profits (if any) that the contractor will share with the City. Profits will occur when revenues exceed expenses and no subsidy is required.

	CY 2018	CY 2019	CY 2020	CY 2021	CY 2022
% of Profits Shared with City	40%	40%	40%	40%	40%
% of Profits shared with City if the City share is reinvested in capital projects	City of Terre Haute retains 100% of all profits	City of Terre Haute retains 100% of all profits	City of Terre Haute retains 100% of all profits	City of Terre Haute retains 100% of all profits	City of Terre Haute retains 100% of all profits

<sup>1</sup> The City retains the right to allocate a portion of the benefits generated from the proposed transaction to cover transaction advisor costs. Respondents need not address this in the pricing.

**4**

## **Exhibit B**



### 3.2 Exhibit B (Guaranteed Savings)

#### Estimated Gross Revenues and Total Expenses

Using the table below, provide estimated gross revenues and total expenses for the two courses (combined) for the calendar years indicated. All revenue and all expenses from any aspect of the course operations should be included.<sup>2</sup>

	CY 2018	CY 2019	CY 2020	CY 2021	CY 2022
Gross Revenues	\$1,055,500	\$1,145,925	\$1,240,316	\$1,338,919	\$1,456,994
Total Expenses	\$1,483,610	\$1,503,322	\$1,534,338	\$1,566,185	\$1,598,889

#### Proposed Monthly Guaranteed Savings Fee (City Subsidy)

Using the table below, provide the proposed monthly guarantee savings fee (if any) that the contractor will require from the City in exchange for assuming the risk on revenue and expenses. This amount could correspond to any difference between estimated gross revenue and total expenses listed above, or could be different. The amount would be both the City's maximum and minimum exposure for the subsidy. Risk beyond that amount would lie with the respondent. Low or no monthly fees are the preferred option

	CY 2018	CY 2019	CY 2020	CY 2021	CY 2022
Proposed Monthly Guarantee Savings Fee (Subsidy)	\$40,000	\$35,000	\$30,000	\$25,000	\$20,000

#### Profit Sharing

Using the table below, provide the percentage of profits (if any) that the contractor will share with the City under a guarantee savings arrangement. Profit sharing would be determined on a life-of-the-contract basis. That is, the respondent could recoup all prior year's losses before it was required to share profits. Profits will occur when revenues (which include the monthly subsidy) exceed expenses.

	CY 2018	CY 2019	CY 2020	CY 2021	CY 2022
% of Profits Shared with City	40%	40%	40%	40%	40%
% of Profits shared with City if the City share is reinvested in capital projects	85% City of Terre Haute 15% Contractor	85% City of Terre Haute 15% Contractor	85% City of Terre Haute 15% Contractor	85% City of Terre Haute 15% Contractor	85% City of Terre Haute 15% Contractor

<sup>2</sup> The City retains the right to allocate a portion of the benefits generated from the proposed transaction to cover transaction advisor costs. Respondents need not address this in the pricing.

## **Manning Table/Organizational Charts**

<b>Rea Park Golf Course</b>					
<b>Organizational Chart</b>					
	<b># Of Positions</b>	<b>Salary/Hourly</b>	<b>Full Time/Part Time</b>	<b>FTE</b>	
<b>Clubhouse Operations</b>					
General Manager/Director of Golf	1	Salary	Full-Time		
Director of Instruction	1	Salary	Full-Time		
Golf Shop Staff	2	Hourly	Seasonal Part-Time	1.50	
Outside Staff	6	Hourly	Seasonal Part-Time	2.25	
	<b># Of Positions</b>	<b>Salary/Hourly</b>	<b>Full Time/Part Time</b>	<b>FTE</b>	
<b>Golf Course Maintenance</b>					
Director of Golf Course Operations	1	Salary	Full-Time		
Assistant Golf Course Superintendent	1	Salary	Full-Time		
Golf Course Mechanic	1	Salary	Full-Time		
Golf Course Staff	4	Hourly	Seasonal Full-Time		
Golf Course Staff	4	Hourly	Seasonal Part-Time	2.00	
<b>Note:</b>					
Director of Instruction is a shared position between Rea Park Golf Course and Hulman Links Golf Course					



<b>Hulman Links Golf Course</b>					
<b>Organizational Chart</b>					
	<b># Of Positions</b>	<b>Salary/Hourly</b>	<b>Full Time/Part Time</b>	<b>FTE</b>	
<b>Clubhouse Operations</b>					
General Manager/Director of Golf	1	Salary	Full-Time		
Director of Instruction	1	Salary	Full-Time		
Golf Shop Staff	2	Hourly	Seasonal Part-Time	1.50	
Outside Staff	6	Hourly	Seasonal Part-Time	2.25	
19th Hole Manager	1	Salary	Full-Time		
19th Hole Staff	1	Hourly	Seasonal Part-Time	0.50	
	<b># Of Positions</b>	<b>Salary/Hourly</b>	<b>Full Time/Part Time</b>	<b>FTE</b>	
<b>Golf Course Maintenance</b>					
Director of Golf Course Operations	1	Salary	Full-Time		
Assistant Golf Course Superintendent	1	Salary	Full-Time		
Golf Course Mechanic	1	Salary	Full-Time		
Golf Course Staff	6	Hourly	Seasonal Full-Time		
Golf Course Staff	2	Hourly	Seasonal Part-Time	1.00	
<b>Note:</b>					
Director of Instruction is a shared position between Rea Park Golf Course and Hulman Links Golf Course					